

## House Approves Boucher-Goodlatte Legislation to Combat Illegal Gambling (July 11, 2006)

### HOUSE APPROVES BOUCHER-GOODLATTE LEGISLATION TO COMBAT ILLEGAL GAMBLING

WASHINGTON, DC - Today the House of Representatives passed H.R. 4411, the Internet Gambling Prohibition and Enforcement Act, by a bipartisan vote of 317-93. This legislation was introduced by Congressmen Rick Boucher (D-VA) and Bob Goodlatte (R-VA) and merged with legislation introduced by Congressman Jim Leach (R-IA) to crack down on the growing problem of illegal off-shore gambling as well as illegal gambling that crosses state lines over Internet connections. These activities take billions of dollars per year out of the U.S. economy, serve as a vehicle for money laundering, undermine families, and threaten the ability of states to enact and enforce their own laws. H.R. 4411 is bipartisan, sensible legislation that will tighten up existing federal law and make clear that the current prohibitions on gambling over wires apply to the Internet and other new technologies.

"I am extremely pleased by the passage of this legislation through the House of Representatives and now I call on the Senate to act on this important legislation," said Goodlatte. "Gambling on the Internet has become an extremely lucrative business. Numerous studies have charted the explosive growth of this industry, both by the increases in gambling websites available, and via industry revenues. Internet gambling is now estimated to be a \$12 billion industry, with approximately \$6 billion coming from bettors based in the U.S. It has been reported that there are as many as 2,300 gambling sites."

Gambling is currently illegal in the United States unless regulated by the states. However, the development of the Internet has made gambling easily accessible, and it is common for illegal gambling businesses to operate freely with little fear that they will be prosecuted. The Federal Bureau of Investigation and the Department of Justice recently testified that Internet gambling can be exploited by terrorists to launder money.

"I am pleased that our legislation, which sensibly updates federal law to bring the Internet within the fold of the anti-gambling restrictions that govern telephone lines, has achieved passage in the House of Representatives. Offshore Internet gambling websites take billions of dollars out of our economy each year, damage families, and serve as a vehicle for money laundering. Our measure will curb this harmful practice and bring a quick end to illegal gambling on the Internet," said Boucher.

"Virtual betting parlors have attempted to avoid the application of United States law by locating themselves offshore and out of our jurisdictional reach. These offshore, fly-by-night Internet gambling operators are unlicensed, untaxed and unregulated and are sucking billions of dollars out of the United States, continued Goodlatte.

The Internet Gambling Prohibition and Enforcement Act cracks down on illegal gambling by updating the Wire Act to cover all forms of interstate gambling and account for new technologies. Under current federal law, it is unclear whether operating a gambling business over the Internet is illegal. The closest useful statute is the Wire Act, which prohibits gambling over telephone wires. However, the Wire Act, which was written in 1961, well before the invention of the World Wide Web, has become outdated. The Internet Gambling Prohibition and Enforcement Act amends the Wire Act to make it clear that the prohibitions include Internet gambling and the use of other new technologies.

The Internet Gambling Prohibition and Enforcement Act allows states to continue to regulate gambling within their borders with tight controls to be sure that it does not extend beyond their borders or to minors. This legislation has been designed to cut the money flow from gamblers to Internet gambling sites. Specifically, the bill would enhance criminal penalties for gambling businesses settling Internet wagers with financial instruments such as credit cards, checks, or fund transfers. It would also require regulations to establish procedures for blocking these transactions.

"Today's approval of the Internet Gambling Prohibition and Enforcement Act by the House is a significant victory for families and a major blow to the Internet gambling industry, said Boucher. "I now look forward to working with our colleagues in the U.S. Senate to ensure passage of this vital measure."

Additionally, this legislation increases the maximum prison term for a violation of the Wire Act from 2 years to 5 years.

"Offshore online gambling websites are cash cows and the greed that propels these companies leads them to solicit bettors in the U.S. despite the fact that the Department of Justice already believes this activity is illegal," said Goodlatte. "Internet gambling is a serious problem that must be stopped and I believe the Internet Gambling Prohibition and Enforcement Act will help eliminate this harmful activity before it spreads further."

H.R. 4411 will now be referred to the U.S. Senate for further consideration.

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